

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6221

BILL NUMBER: SB 93

NOTE PREPARED: Apr 2, 2007

BILL AMENDED: Mar 29, 2007

SUBJECT: Fire Sprinklers and Smoke Detectors in Nursing Homes.

FIRST AUTHOR: Sen. Landske

FIRST SPONSOR: Rep. Mays

BILL STATUS: As Passed House

FUNDS AFFECTED: X GENERAL
DEDICATED
X FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill requires certain health facilities to have automatic fire sprinkler systems before July 1, 2012. The bill provides that if a system is not installed before July 1, 2010, a plan for completion must be submitted to the Indiana State Department of Health (ISDH).

The bill requires the health facilities to have a smoke detector in each resident's room before July 1, 2012.

The bill also requires the ISDH, to publish in the Department's Consumer Guide to Nursing Homes the types of fire sprinkler systems and smoke detectors in a nursing home.

Effective Date: Upon passage; July 1, 2007.

Explanation of State Expenditures: (Revised) The bill requires the Department to publish in the Consumer Guide to Nursing Homes information regarding the type and locations of the smoke detection system and the sprinkler system in each nursing facility until June 30, 2012. The sprinkler status of facilities is already included in the Consumer Guide; the Department has added the information as the facility surveys collect the data. The smoke detector status of each facility can be added as the annual facility surveys occur throughout the year. The Department reports that this requirement can be performed with existing resources.

(Revised) *General Background Information:* The bill would require facilities, not currently under a requirement to do so, to have automatic fire sprinkler systems installed throughout the facility by July 1, 2012. Current building requirements for nursing facilities require automatic fire sprinkler systems, so new construction would not be affected. The State Department of Health reports that of about 516 certified comprehensive care facilities in the state, there are currently 9 health facilities in Indiana that do not have

automatic fire sprinkler systems. An additional 18 facilities are reported to be partially protected by sprinkler systems.

Comprehensive care units reported as partially sprinklered or do not have fire detection systems that are located in hospitals and licensed as hospital beds are not affected by the provisions of the bill. A freestanding comprehensive care facility that is owned by a hospital but licensed as a nursing facility would be required to comply with the provisions of the bill. There are five long-term care units that appear to be located in hospital facilities that are reported to be partially sprinklered. The status of these units with regard to the installation of fire detection systems is not known.

(Revised) *Fire Detection Systems*: Currently, facilities that are fully sprinklered are not required to have smoke detectors in patient rooms. The extent to which fully sprinklered nursing facilities in Indiana also have hardwired smoke detection systems that meet the specifications in the bill is not known. The federal Centers for Medicare and Medicaid Services (CMS) certification requirements have been revised to require that certified nursing facilities install battery-operated smoke detectors in resident rooms and public areas if they do not have an automatic sprinkler system or a hardwired smoke detection system in those areas. This requirement was effective in March 2006.

(Revised) *Medicaid Impact*: The maximum estimated fiscal impact of requiring the installation of fire detection systems in all certified nursing facilities is estimated to be an annual total of \$339,340 in state and federal dollars. (This estimate assumes the installation of hard-wired systems; battery operated systems are allowed by the bill and cost substantially less than hard-wired systems.) The state share of the additional expenditure would be approximately \$128,950 each year after 2012 due to the increased capital cost. If the installation of the fire detection systems is assumed to occur evenly across the 5 years available, the state General Fund cost to Medicaid could be assumed to be \$25,800 in FY 2008 and \$51,600 in FY 2009. (The Medicaid forecast for total state and federal nursing facility expenditures is \$873.1 M and \$924.9 M in FY 2008 and FY 2009, respectively.)

This Medicaid estimate is based on 2005 rate information, a cost estimate of \$200 per beds for hard-wired systems, an assumption that all rooms are double occupancy, and an assumption that 25% of the Medicaid-certified beds are in facilities that currently have hard-wired smoke detection systems. (The results of a survey that ISDH conducted of nursing facility beds in December 2006 indicated that 6,025 nursing facility rooms already have hardwired smoke detectors.) The survey results did not identify the Medicaid certification status of the rooms/beds. Additional information regarding the cost of system installation indicated costs could range from \$175 to \$400 per room, or \$87.50 to \$200 per bed (assuming two beds per room).

Indiana Veteran's Home: Indiana Veterans' Home: The Indiana Veterans' Home has three buildings used for nursing facility comprehensive care: Pyle Hall, McArthur Hall, and Mitchell Hall. Two other buildings, Tecumseh and Lincoln Halls are used for residential care only. Dewey Hall is used for administrative purposes. Currently, the Veterans' Home is in the process of upgrading the fire protection and suppression systems in all six buildings to include sprinklers in all patient rooms. Fire alarm systems, including smoke detectors in each room are to be upgraded at the same time. The Veterans' Home is excluded from the requirements of the bill.

Explanation of State Revenues:

Explanation of Local Expenditures: (Revised) Nursing facilities that are owned and operated by local units of government would be required to install before July 1, 2012, fire detection systems throughout the facility as well as sprinkler systems if these systems are not currently in place. Of the facilities currently listed as being affected by the sprinkler system requirements of the bill, none are believed to be owned by local units of government. The extent to which nursing facilities owned by local units of government would be impacted by the requirement for the fire detection system is not known.

Explanation of Local Revenues:

State Agencies Affected: Indiana State Department of Health; Office of Medicaid Policy and Planning of the Family and Social Services Administration.

Local Agencies Affected:

Information Sources: State Department of Health, and "State of Indiana List of Appropriations Made by the 2005 Indiana General Assembly for the Biennium July 1, 2005, to June 30, 2007", Indiana Veterans' Home Capital Budget Request Detail.

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